

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: EDWIN MEESE III *am*

SUBJECT: Federal Procurement Reform -
Non-Competitive Procurement

Background

The Office of Federal Procurement Policy (OFPP) statistics show that approximately one-third of FY 1981 procurement dollars were expended on a non-competitive basis. OFPP estimates that \$3-5 billion can be saved through more effective use of competitive procurement procedures.

DOD, GSA, and Congress have undertaken efforts to reform non-competitive procurement and have either contemplated or implemented corrective measures.

Earlier this year, the Cabinet Council on Management and Administration reviewed actions to reform procurement practices and directed OFPP to coordinate with other Federal agencies in preparing a policy letter (regulation) that would establish restrictions on the use of non-competitive procurement.

The letter frames future procurement policy as follows: "Effective competition shall be obtained in negotiated procurement whenever possible." Exemptions are then listed. Examples: single source availability, previous international agreement, emergency, national security.

A draft policy letter has been prepared and distributed to cabinet departments and other agencies for discussion with you today.

Decision:

Following the discussion, your decision is requested as follows:

 Publish OFPP letter for public comment.

 Do not publish OFPP letter.